

Order & Violence

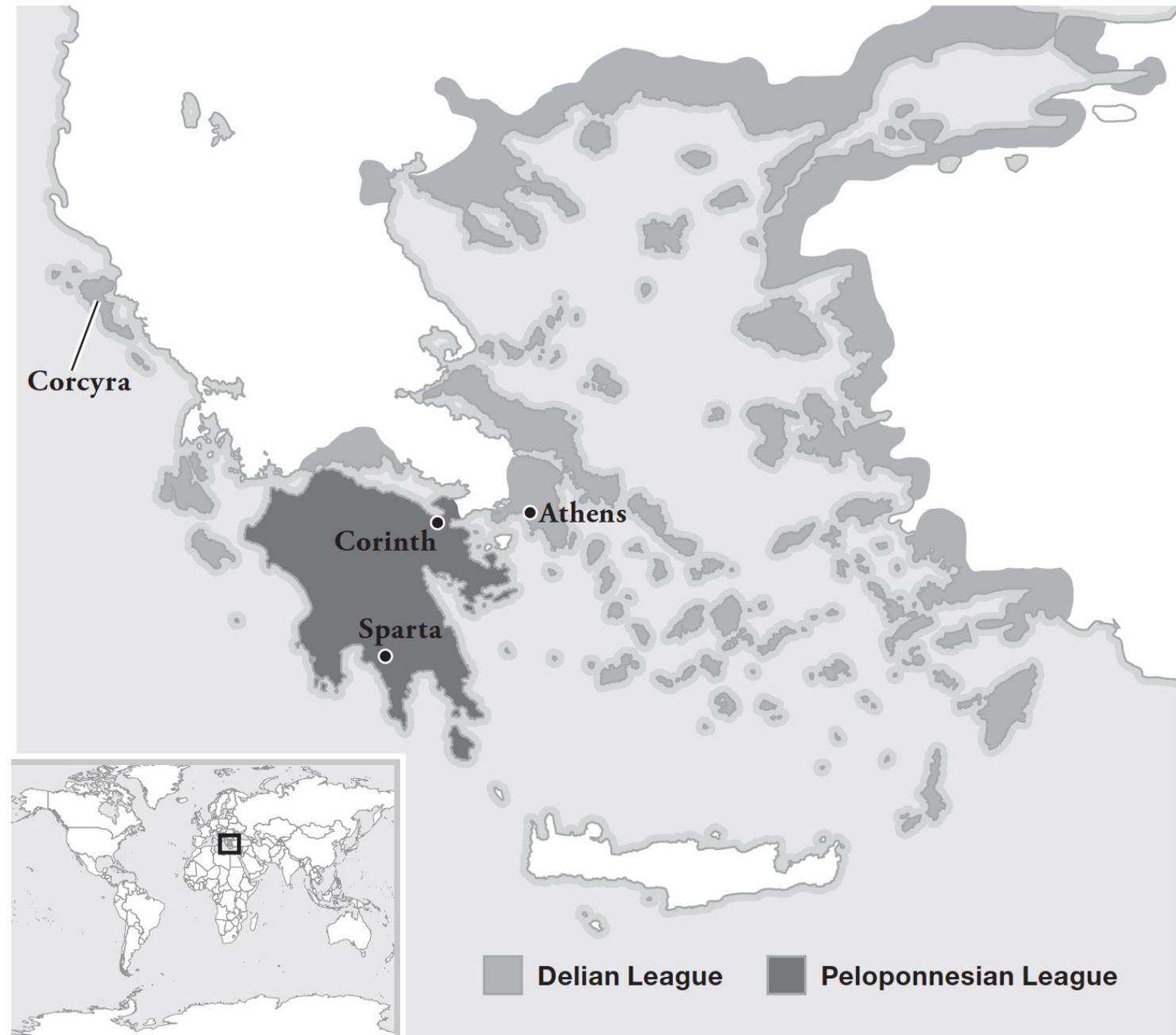


Lecture 2: Incentives for peace and agency problems

Chris Blattman

Begin with a classic example (literally)

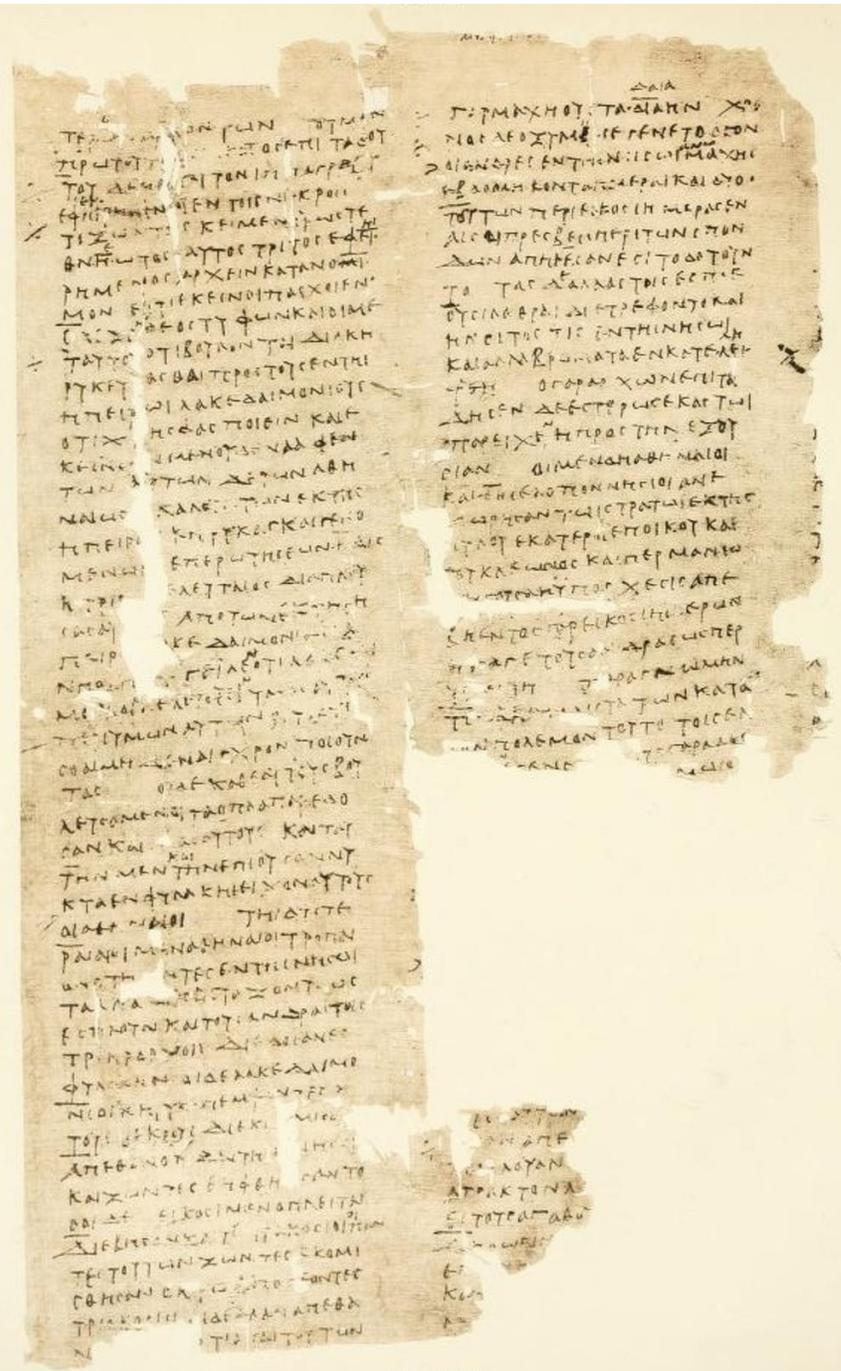
- 5th century BC
- A competition between alliances led by Athens and Sparta
- Culminates in The Peloponnesian War (431–404 BC)



Two great powers, representing two vastly different ideals and social organization

- Athens
 - Birthplace of democracy
 - Flourishing center for arts, philosophy, science
 - Builds a vast maritime empire, the Delian League, providing security for tribute
- Sparta
 - Ruled by military oligarchs
 - 4 in 5 subjects enslaved as agriculturalists
 - Every male citizen trained from earliest age to be a specialist in violence and war
 - Disdain for trades, little infrastructure, no walls because of ideals of fighting prowess
 - Along with its allies it dominates a vast land empire, The Peloponnesian League

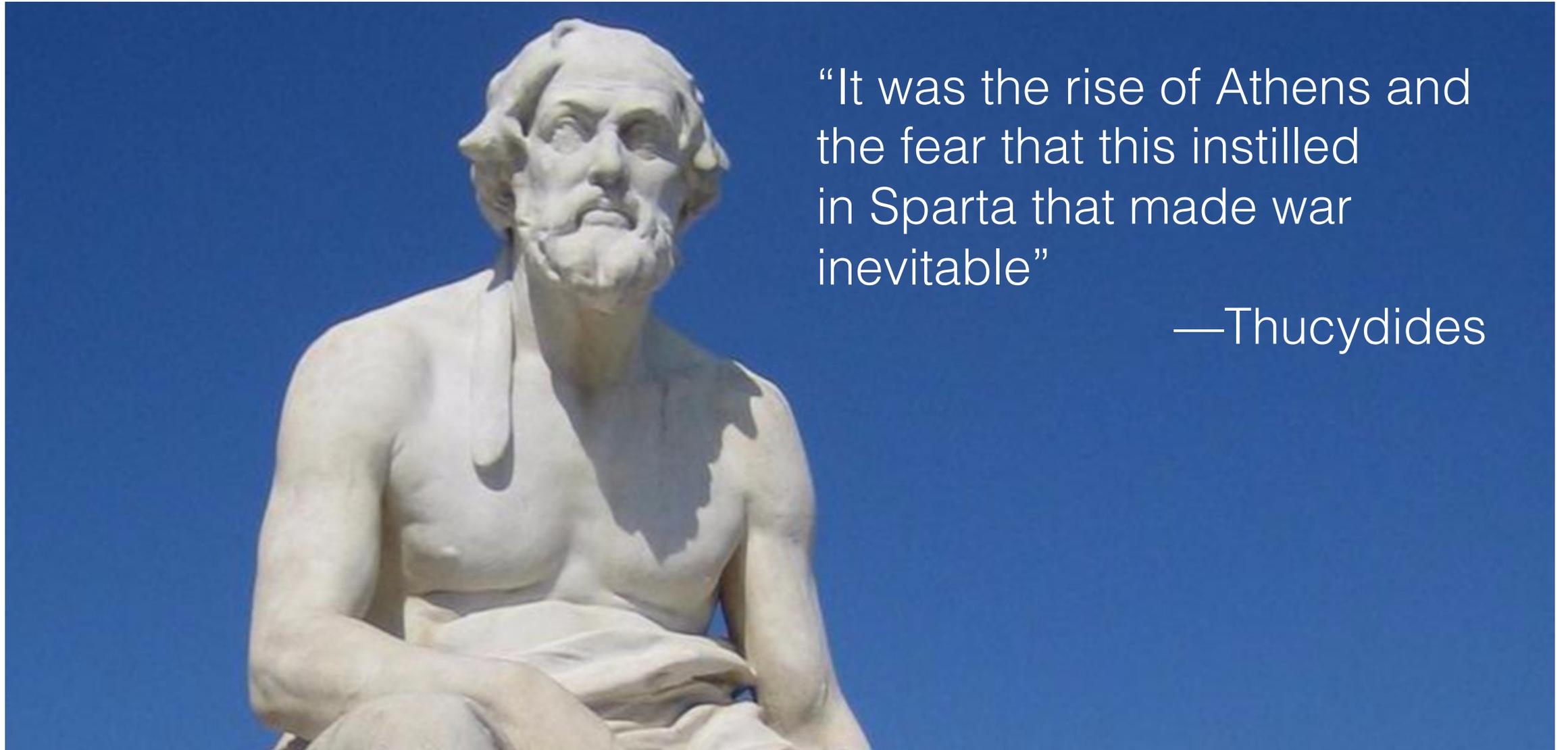
But why should we care about an ancient war?



The war results in one of the most influential history books written

- Thucydides, an exiled Athenian general, retires to write a history of the conflict
- First scientific history written in the West
- Influences nearly every leader, diplomat, general, and scholar of war for the next 2500 years

Among other theories of war, he argued that when a rising power confronted an established one, war was the result



“It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable”

—Thucydides

This is known as the Thucydides Trap, and world leaders are fond of using it to explain their fear of a Great Power war.

Are their fears well founded?



• Home / Opinion / Featured Contributors

US, China and the 'Thucydides trap'

By Pamir Gautam | chinadaily.com.cn | Updated: 2018-08-15 11:02



During his visit to the United States in 2015, Chinese President Xi Jinping said "there is no such thing as the so-called 'Thucydides trap' in the world. But should major countries time and again make strategic miscalculations, they might create such traps for themselves." Aware of the likelihood of tension between China and the US and as a confidence-building measure between the two, Xi laid out the concept of "great power relations" based on mutual cooperation, respect and dialogue between the US and China. At a time when China is working toward ensuring international peace and stability, the US has been acting in a very arrogant and irresponsible manner.

ANALYSIS

Xi Jinping discussed the Thucydides Trap with Malcolm Turnbull, revealing his view of the world today

By Matt Bevan for China, If You're Listening
Posted Mon 5 Jul 2021 at 2:01pm, updated Mon 5 Jul 2021 at 4:07pm



Malcolm Turnbull and Xi Jinping discussed whether war between the US and China was inevitable. (Lintao Zhang/Getty Images)

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When describing his conversations with Chinese President Xi Jinping, there was one topic that excited former prime minister Malcolm Turnbull the most.

"Did you talk about ancient Greece?" I asked him.

"Yes. Yes, we did," he said.

He pre-empted the next question.

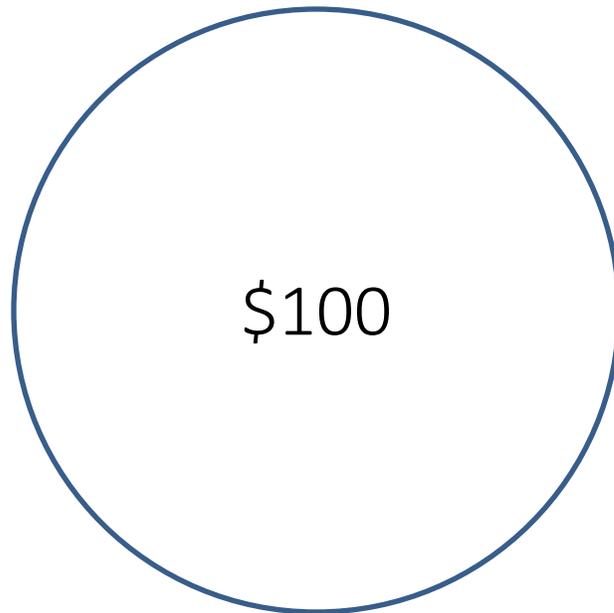
"Why would the Prime Minister of Australia and the President of China be talking

Let's think about the incentives for war and peace

Imagine there are two sides we call **Athens** and **Sparta**.

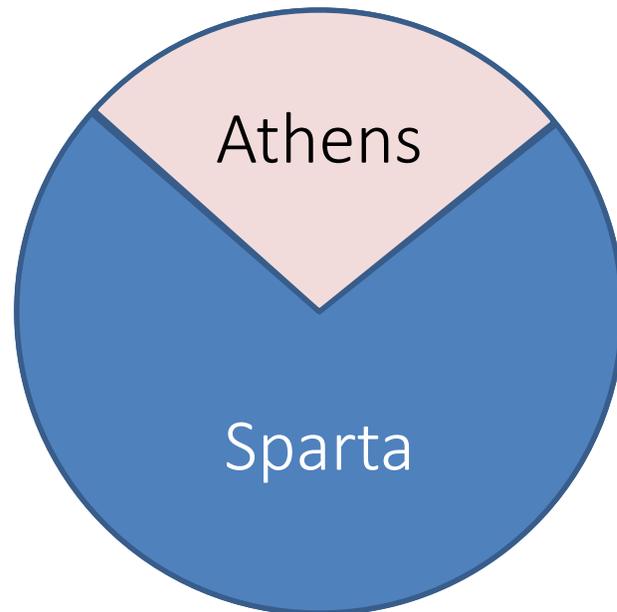
They are fighting for a pie, the Greek World, worth \$100.

If there is a war, the winner gets $X = \$100$, the loser \$0.



In the beginning, suppose Sparta holds 75% of the Greek World

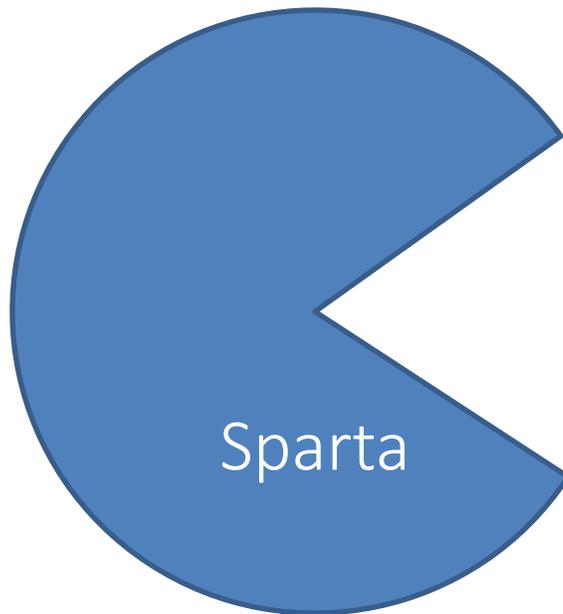
(Roughly proportional to its ability to win a war)



Sparta has a choice: Split the Greek World peacefully or fight a war.
But war is costly. Suppose it destroys a tenth of the pie.

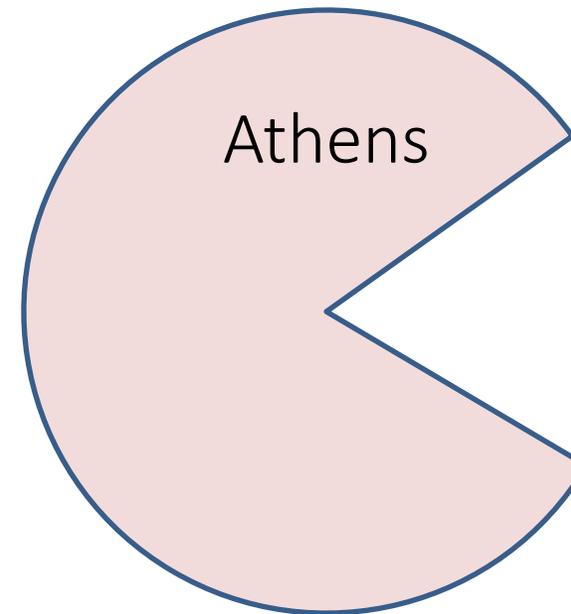
What Sparta expects to get if it wins a war: a 75% chance at \$100–20.

It's expected value of war is \$60



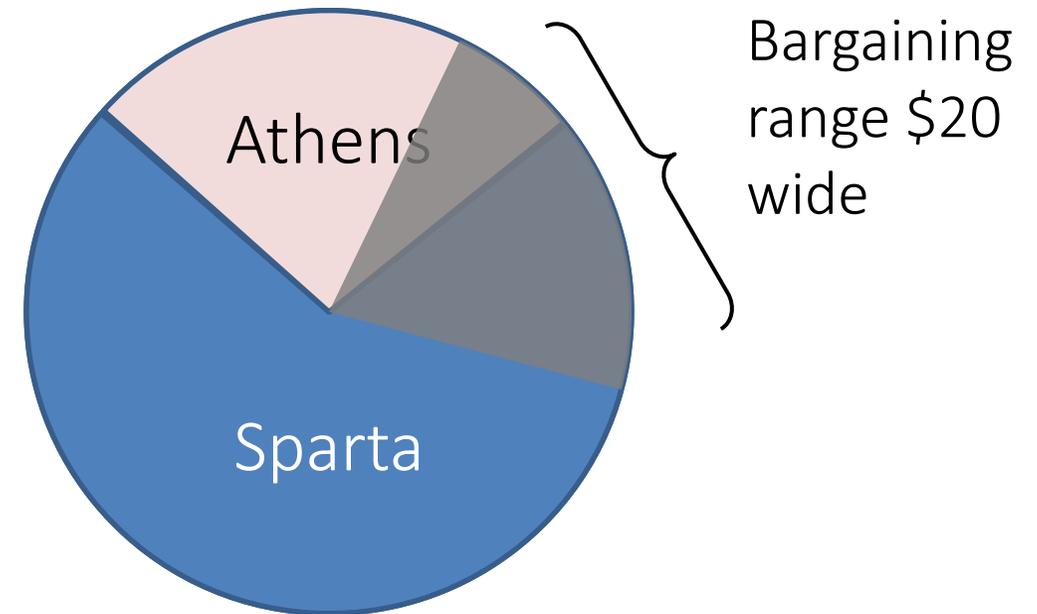
What Athens expects to get if it wins a war: a 25% chance at \$100–20.

It's expected value of war is \$20



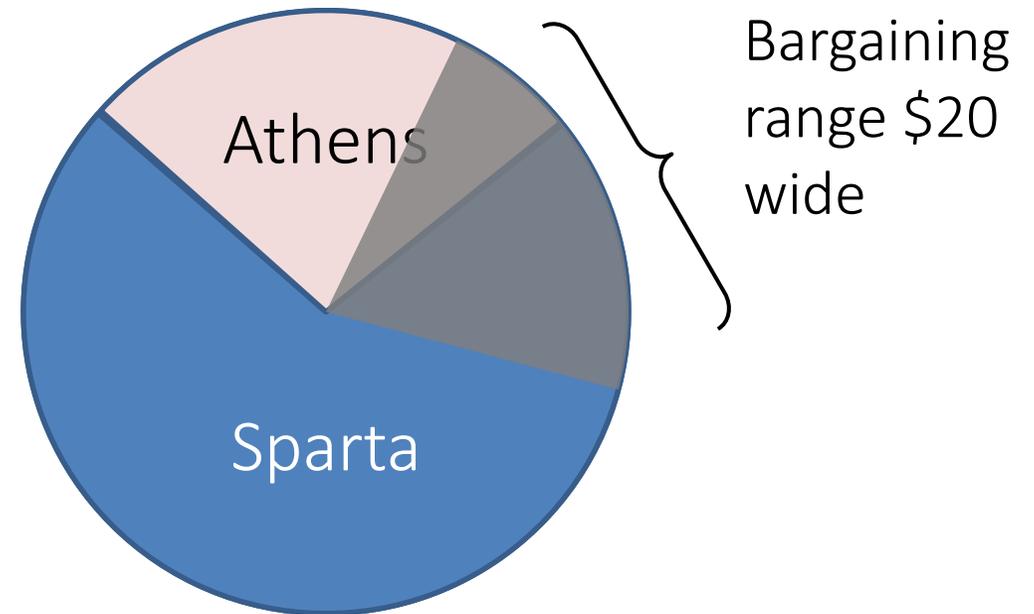
The costs of war create a bargaining range

- War is inefficient
 - Any share $> \$20$, Athens prefers peace to war
 - Any share $> \$60$, Sparta prefers peace to war
 - Thus, the initial 25–75 split was stable, even if it was unequal



The costs of war create a bargaining range

- War is inefficient
 - Any share $> \$20$, Athens prefers peace to war
 - Any share $> \$60$, Sparta prefers peace to war
 - Thus, the initial 25–75 split was stable, even if it was unequal
- This is a version of the “Coase theorem”
 - If Athens can make Sparta a take-it-or-leave-it offer, where the alternative is war, then Sparta will always accept any offer $x > \$40$ rather than war
 - If they negotiate over multiple rounds, both prefer any Spartan share x in the bargaining range $\$40 < x < \60 to war, and will find an x peacefully
 - The actual split x then depends on the rules and first mover



In some ways, this is not a terrible description of the Greek world before the Peloponnesian War

- Peace was the norm
 - There were many hostile rivalries among Greek city states, but there was seldom prolonged violence
- Each city-state controlled land and people roughly proportional to its ability to win a war
- When they were wars between Greek city states (and there were many) these conflicts tended to be very short
 - Often decided in single skirmishes or battles
 - We will come back to these short wars when we talk about uncertainty, private information, and misperceptions

War is the exception, peace is the rule

- Commonplace views:
 - War is the “natural state of humankind”
 - Ethnic violence and active conflict are ubiquitous
 - Hostile rivals are destined to fight=
- However, there are millions of competitive, hostile, even hateful rivalries in the world. Most of them don't lead to large-scale, sustained violence between groups (war)
- Rivals frequently skirmish violently. Most of the time, however, they manage to find arrangements to avoid war

Ethnic conflict in Africa, 1979-94

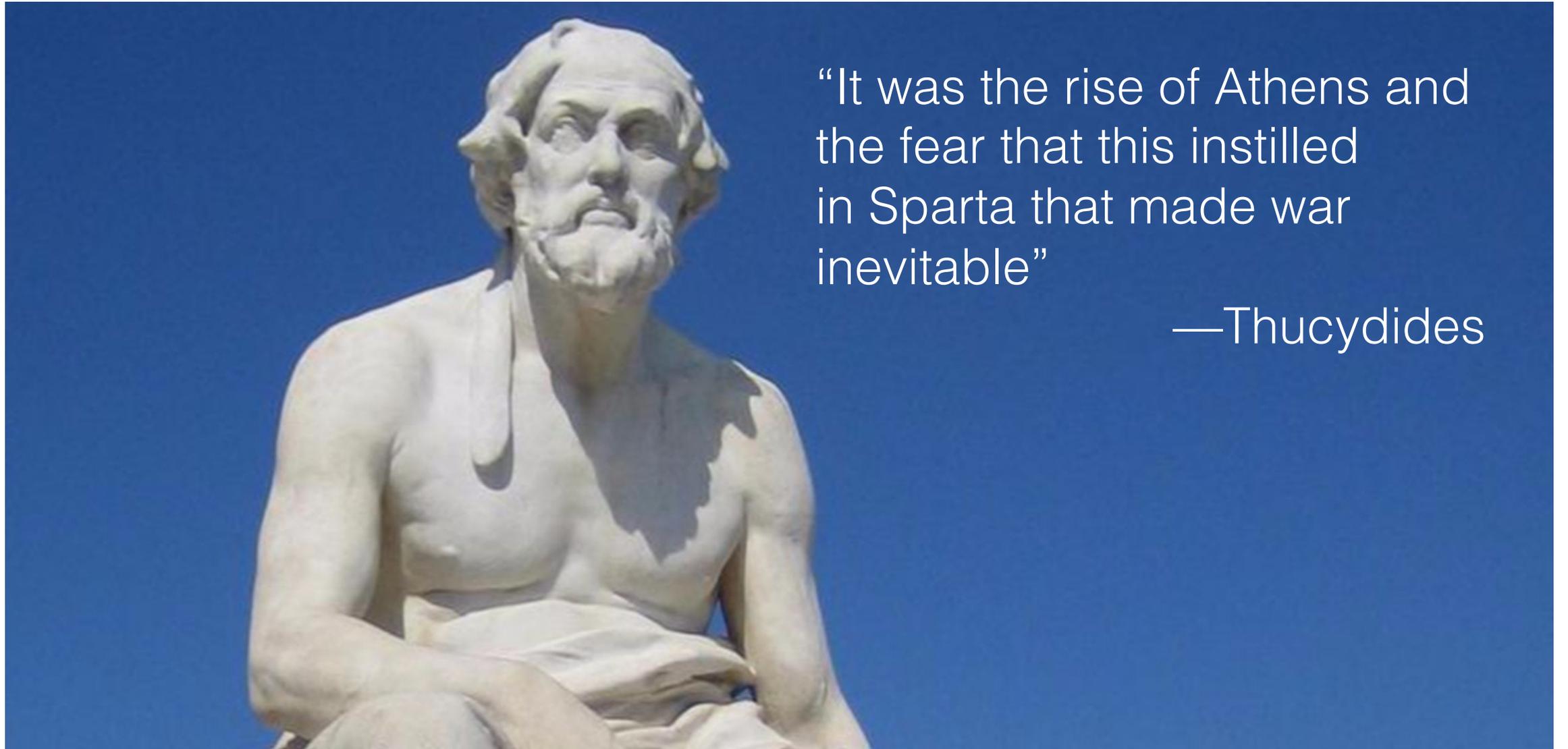
A tiny minority of ethnic dyads are violent in a given year

TABLE 1. Estimates of Actual and Potential Communal Violence in Africa, Independence through 1979

Type of Communal Violence	Number of Incidents for All Years and Countries ^a	Country Mean of Incidents per Year ^b	Number of Potential Incidents for All Countries and Years ^c	Country Mean of Potential Incidents per Year ^d	Ratio of All Actual Incidents to All Potential Incidents ^e
Ethnic violence	20	.03	38,383	58.86	.0005
Irredentism	29	.04	18,757	26	.0015
Rebellion	27	.04	18,757	26	.0014
Civil war	52	.10	18,757	26	.0028



But what happens when there is a rising power?



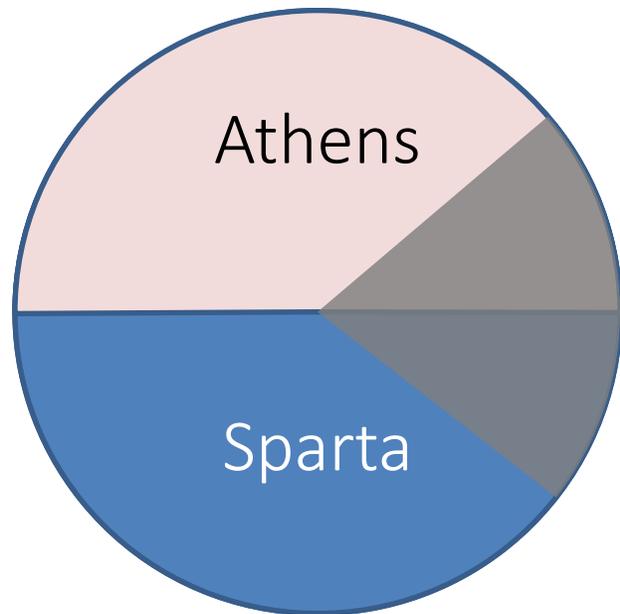
“It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable”

—Thucydides

The rise of Athens, 5th century BC

- Initially, Athens and Sparta were allies, cooperating to expel Persian invaders
- Victory over Persia allowed Athenian empire and economy to flourish and grow eastwards
 - A virtuous cycle of commerce, revenues, and shipbuilding
- The city-state grew its already unmatched navy
 - Paid for by massive amounts of tribute from maritime empire
- Athens also discovered rich mineral deposits
- Other city-states began to copy its quasi-democratic constitution
 - Those that did not voluntarily join the Delian League were compelled
- Construction of “long walls” gave a defensive advantage against Sparta’s land armies
 - They did so against intense Spartan protest

In spite of this rise, Sparta still has little incentive to fight

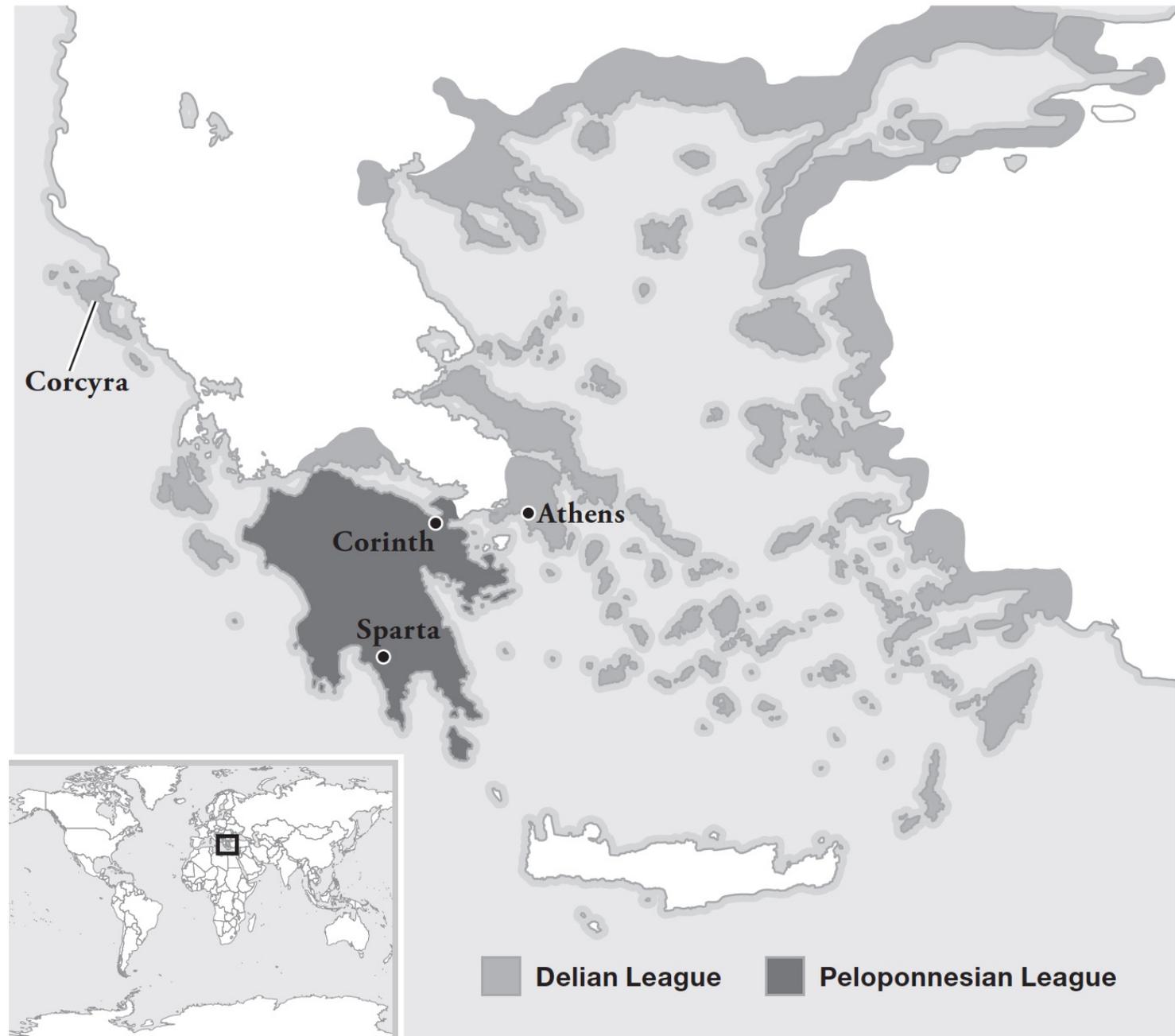


- Initially, Sparta skirmished with the Delians on and off
- Sparta considers going to war repeatedly but always finds a reason to bargain or settle after “saber rattling”
 - Tribute paid, or territorial concessions made
 - Invasion forces are bribed to go home
- In 446 BC, the rivals reached a peace accord
 - They called it the Thirty Years’ Peace
 - Confidently named for the time it was expected to last
 - 2 major provisions:
 1. Pledged to submit disagreements to binding arbitration
 2. Vowed never to seek defection of other league’s members

Is there any sufficient shift that could prompt Sparta to invade?

Even the two alliances represented peaceful but unequal deals between the hegemon and their alliance members

- Weaker states transfer tribute to the stronger ones, rather than fight
- Imperialism and tribute are common alternatives to conflict throughout history
- These are highly unequal deals, but rebellions are the exception



Can this help us understand relative peace between India and Pakistan?

In 2019, Indian government abolished Kashmir's autonomy.

Pakistan's government denounced the move as illegal, but there has been limited violence.



NEWS

India abolishes Kashmir's autonomous status

The region, which has seen tensions rise in recent days, is set to lose its special status under new government measures. Kashmir has been claimed by both India and Pakistan since partition in 1947.

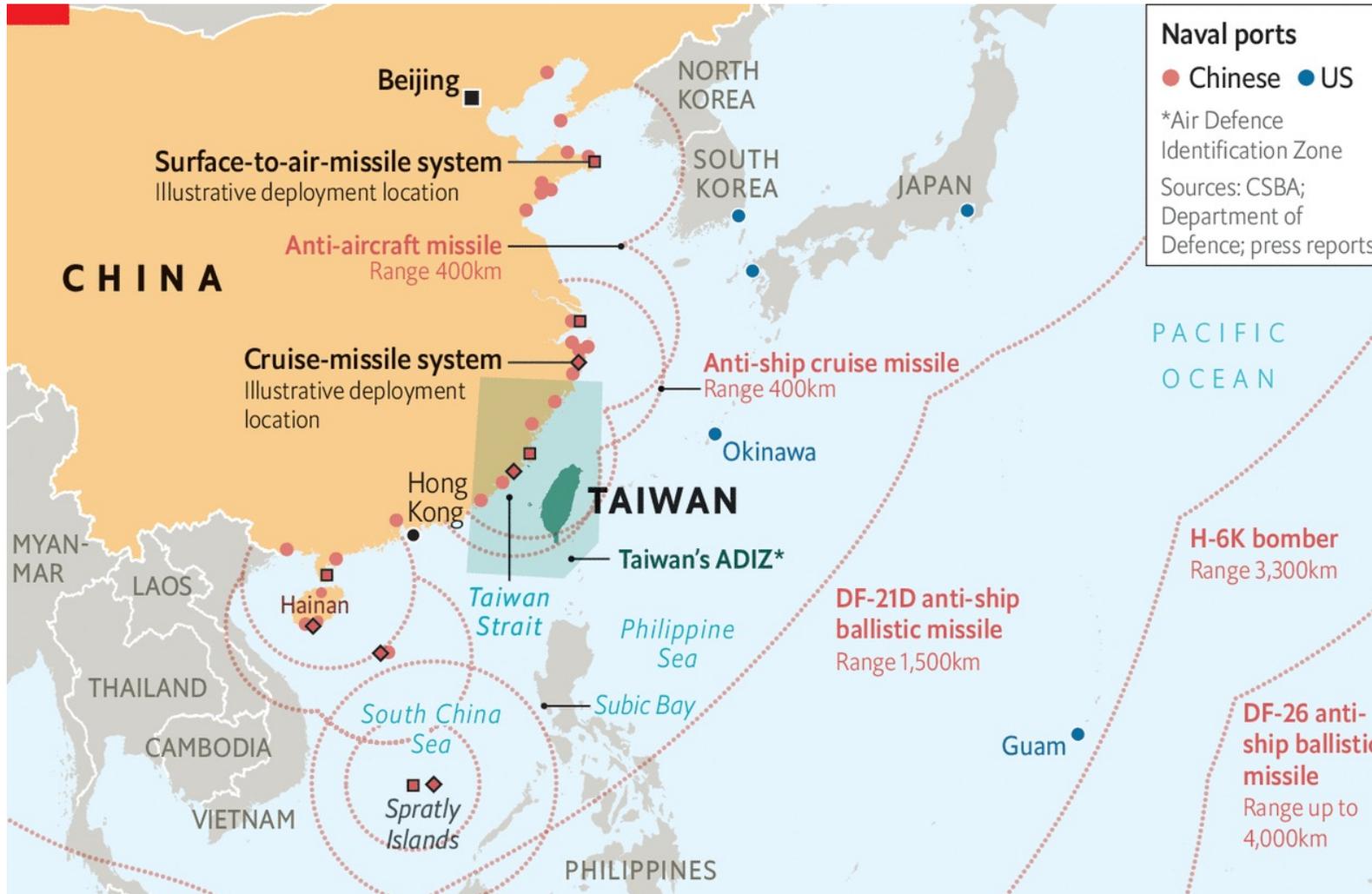


News | Narendra Modi

Kashmir leaders to urge India's Modi to restore region's autonomy

Kashmiri politicians set to meet Indian PM on Thursday for the first talks since he revoked the region's special status two years ago.

What about China's rise? What might it mean for conflict with the US or Taiwan? Is Xi Jinping right to worry about the Thucydides Trap?



Briefing

May 1st 2021 edition

A shockingly possible war

China's growing military confidence puts Taiwan at risk

All-out conflict may not feel imminent, but America is deeply concerned



International relations scholars use logic like this to frame and analyze modern-day conflicts

Is the Taiwan Strait Still a Flash Point?

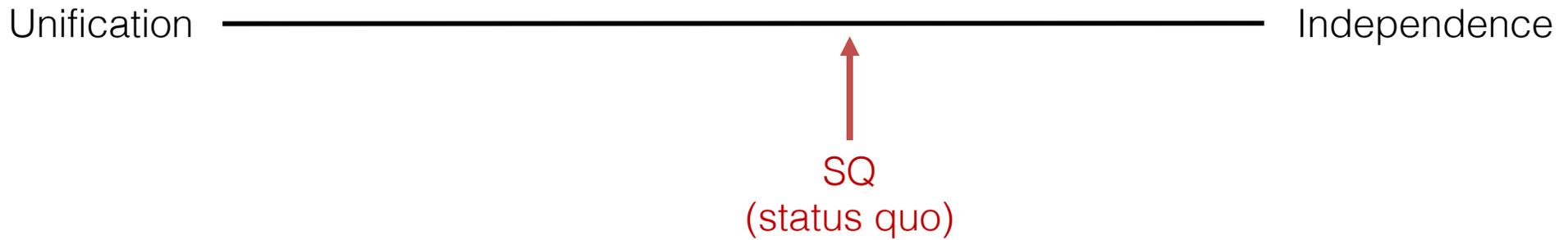
Scott L. Kastner

Rethinking the Prospects for Armed Conflict between China and Taiwan

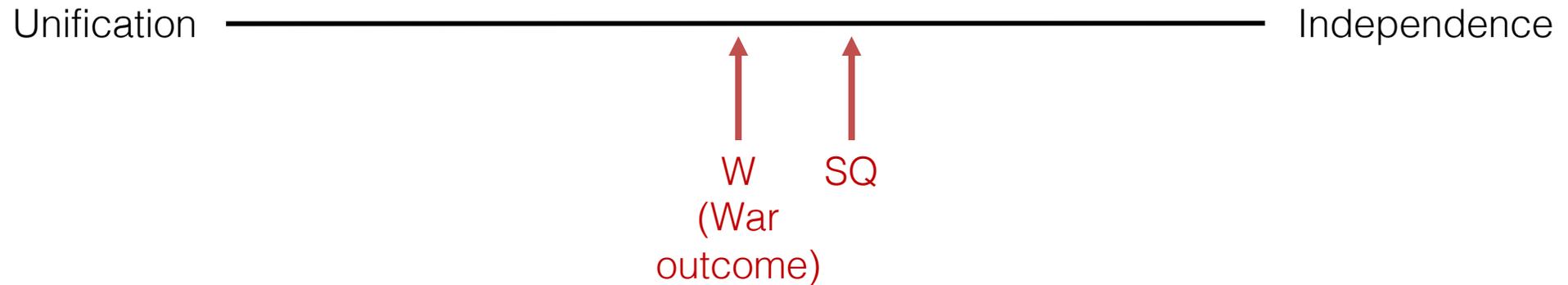
Before 2008, the Taiwan Strait was widely viewed as a dangerous flash point for conflict. The issue of Taiwan's sovereign status was a persistent source of tensions in U.S.-China relations, leading one of the most prominent U.S. experts on Asia to refer to Taiwan as "the only issue in the world today that could realistically lead to war between two major powers."¹ Since 2008, however, relations between the People's Republic of China (PRC) and Taiwan have improved dramatically. Officials from the two sides have engaged in frequent dialogues, resulting in numerous cooperative agreements (including, most notably, the 2010 Economic Cooperation Framework Agreement). Given this unprecedented period of détente, does it still make sense to view the Taiwan Strait as a flash point for conflict? To what degree is a China-Taiwan military conflict a continued possibility? Are the risks of armed conflict likely to increase or

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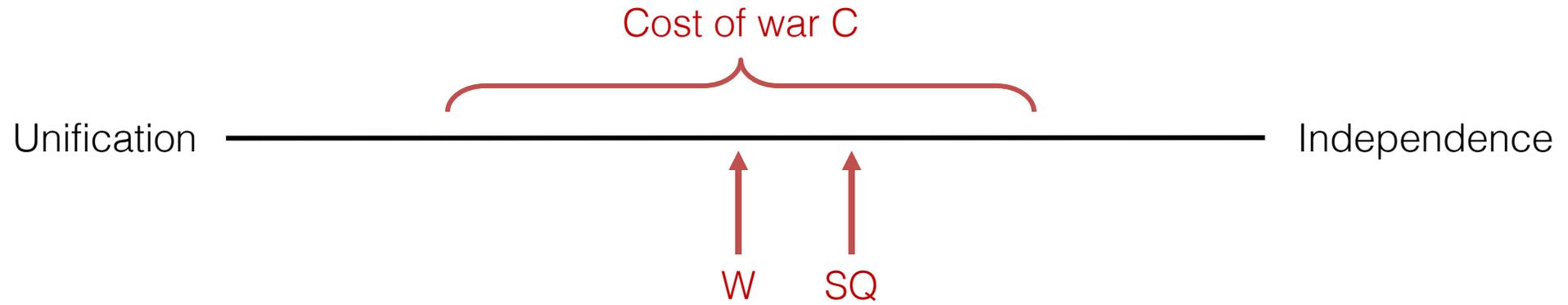
Commonly you will see the logic laid out along a line, not a pie
Intuition (and typically the math) are the same



Suppose the two sides are evenly matched
(because of Taiwan's alliances)

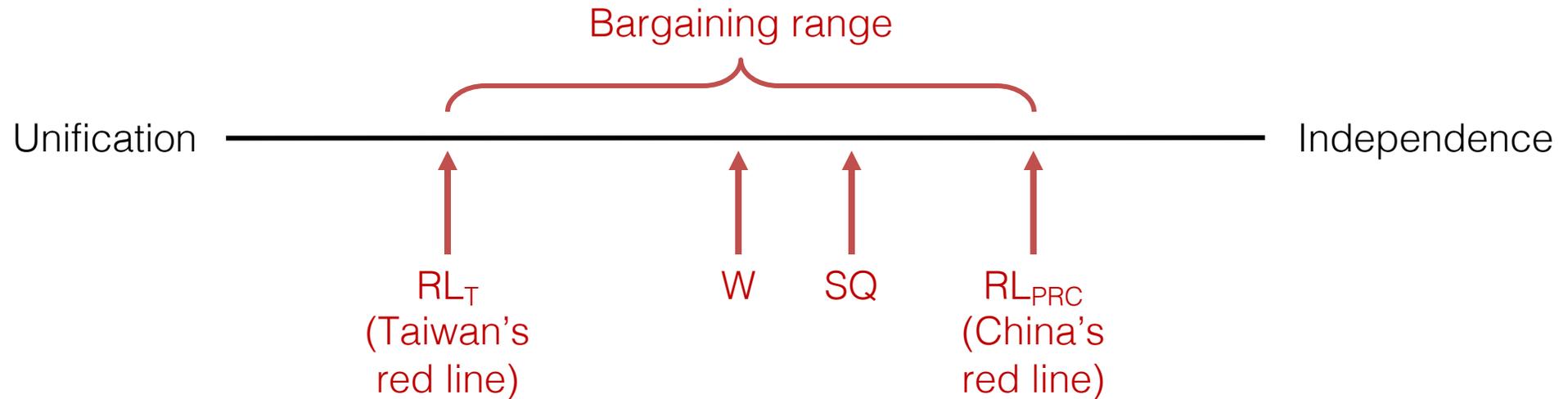


War is costly

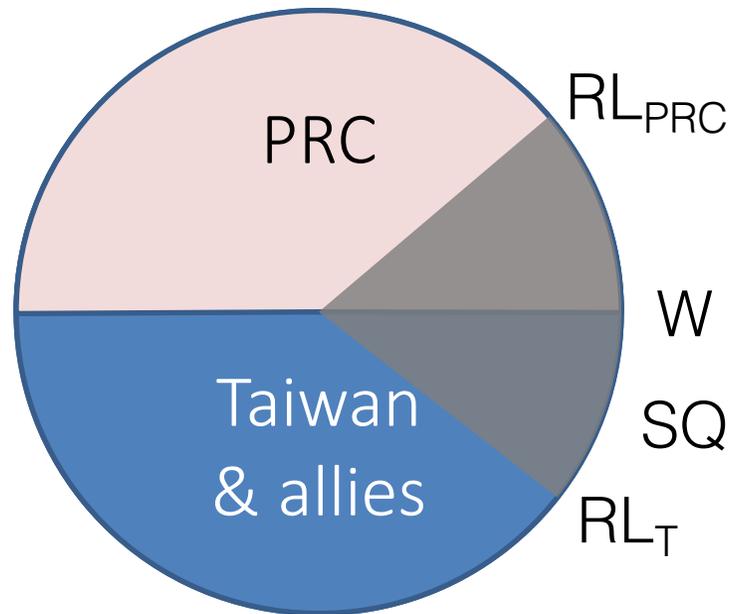


This creates a bargaining range

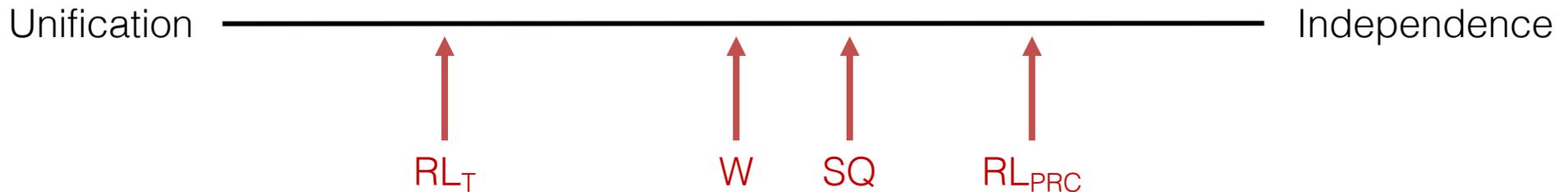
Defined on either side by “red lines” that crossing would lead to war



Completely analogous to our pie

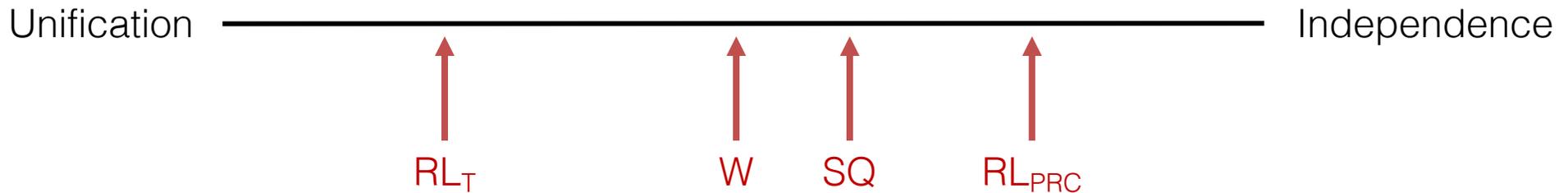


What does this imply about moves by either side to change the status quo?



- Chinese economic development and massive buildup of military might?
- An election that brings an Independence-minded DPP to power in Taiwan?
- A US-UK-Australia alliance that sells nuclear submarines to Australia?
- China and Taiwan increase trade and commercial dependence?

What could bring these two rivals to a fight?
After all, we know that some wars do get fought



Most explanations for fighting boil down to one of 5 problems

1. Unchecked leaders
2. Uncertainty
3. Commitment problems
4. Intangible incentives
5. Misperceptions

Most explanations for fighting boil down to one of 5 problems

1. **Unchecked leaders.** Groups are more likely to fight when decision-makers ignore the costs of war or receive personal benefits (and no one holds them to account)
2. **Uncertainty.** When the opposing group's strength or resolve is unclear, taking a chance by fighting can be the best way to resolve the uncertainty
3. **Commitment problems.** Some circumstances give one side an irresistible incentive to risk war. The peaceful deal is non-credible, as at least once side has incentives to renege.
4. **Intangible incentives.** Sometimes the act of violence is its own reward, in terms of status, emotion, or principle. These are non-material incentives for war
5. **Misperceptions.** Competition is a complex set of decisions, and humans tend to systematic mistakes when evaluating costs or chances of victory

Inclusive of game-theoretic and psychological explanations

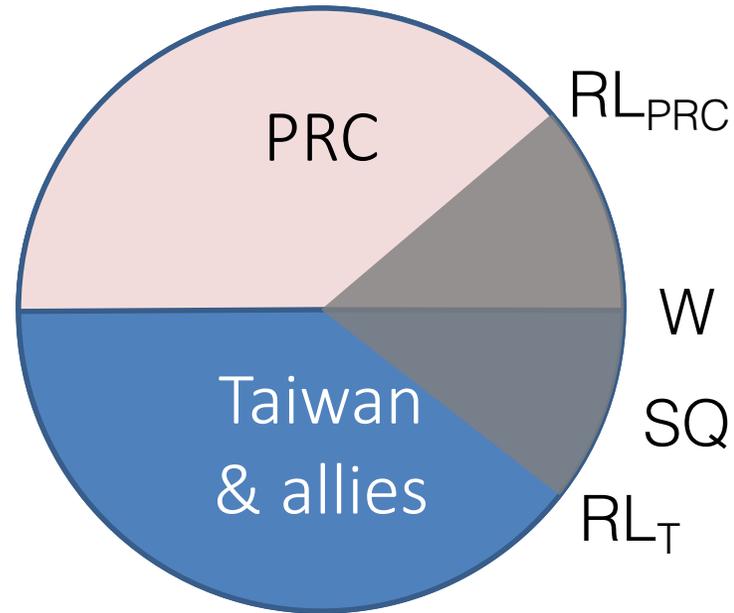
Game
theoretic or
“rationalist”

1. Unchecked leaders (Agency problems)
2. Uncertainty (Different priors and private information)
3. Commitment problems (Limited transfers)
4. Intangible incentives (“Non-standard” preferences)
5. Misperceptions (“Irrationality”)

“Behavioral” science economics,
psychology, evolutionary biology, ...

1. **Unchecked leaders**
2. Uncertainty
3. Commitment problems
4. Intangible incentives
5. Misperceptions

We have been assuming both sides are unitary actors
They internalize the full costs of war



- In what ways are these two sides unitary? Not unitary?
- What social, political, economic forces might help to solve agency problems between groups and their leaders?

What social, political, economic forces might help to solve agency problems between groups and their leaders?

More checked

- Political institutions
 - Compelled to build broad coalitions
 - Accountable to a broad population
- Social preferences
 - Altruism towards co-ethnics, co-religionists, other in-group members
- Economic linkages
 - Material wealth tied to many other economic actors
 - Material wealth vulnerable to war

We will return to this question in the second half of the course

More checked

- Political institutions
 - Compelled to build broad coalitions
 - Accountable to a broad population
- Social preferences
 - Altruism towards co-ethnics, co-religionists, other in-group members
- Economic linkages
 - Material wealth tied to many other economic actors
 - Material wealth vulnerable to war

Less checked

- Political institutions
 - Absence of checks and balances
 - Highly centralized political power
- Social preferences
 - Heterogeneous and fractionalized societies of many groups
- Economic linkages
 - Ruling class's industries have few linkages to broader economic conditions
 - War profiteering possible

Some evidence consistent with this idea

Narrower political coalitions and economic insulation increase propensity for war

- Dictatorships more likely to go to war than democracies (Bueno de Mesquita et al. 2003)
- Oil discoveries linked to both autocracy and higher levels of internal conflict (Ross 2015)

Broader social preferences and wider economic linkages reduce propensity for conflict

- Kinship ties reduce US Congressional votes for war (McGuirk et al. 2017)
- Cross-cleavage commercial ties reduce ethnic violence (Jha 2013)

To see the logic in action, let's return to classical Greece

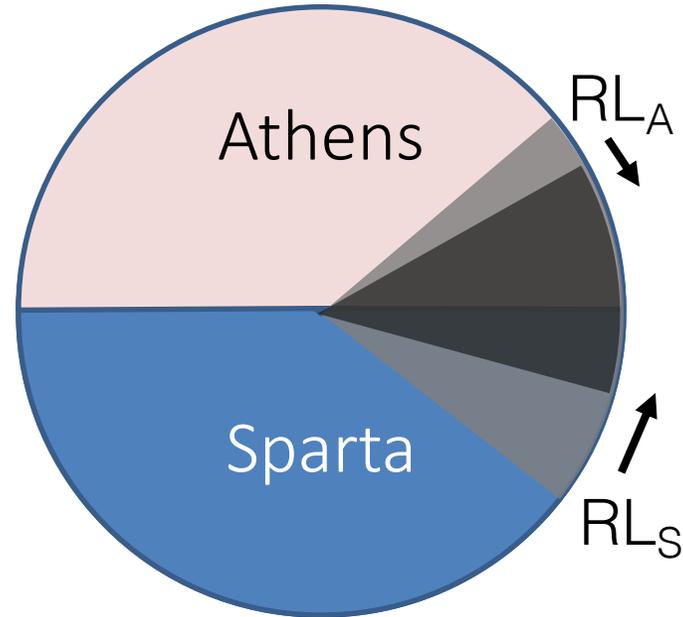
Athens



Sparta



What happens when we relax the unitary actor assumption?



- Simplistically, we could think of this as shrinking the bargaining range
- But if a bargaining range still exists, war remains a “puzzle”
 - Although the situation is more fragile

What kinds of agency problems might plague the conflicts we have been discussing?

- China—Taiwan
- US—Taliban
- India—Pakistan
- Mexican state—Drug cartels
- Israelis—Palestinians
- US urban gangs

1. Splinter groups and spoilers

Militants attack in Indian Kashmir as it locks down for anniversary

Authorities blanketed Kashmir with troops, who laid out barbed wire and set up road blocks to prevent demonstrations.



— A woman wipes sweat from her forehead while holding flags to mark one year after the Indian government split the state of Jammu and Kashmir into two, in Karachi, Pakistan on Wednesday. AKHTAR SOOMRO / Reuters

Aug. 5, 2020, 4:05 AM CDT

By Reuters

SRINAGAR, India – Militants attacked Indian security forces with a grenade and gunfire in Kashmir on Wednesday, defying a strict security lockdown on the first anniversary of the government's

washingtonpost.com > World > Middle East

Analysts Say Battle With Splinter Group Suggests Hamas Faces Growing Challenges

By Howard Schneider
Washington Post Foreign Service
Sunday, August 16, 2009

Mourners in Rafah, Gaza Strip, carry the bodies of Hamas security officers killed in a bloody battle with a radical organization inspired by al-Qaeda. (By Eyad Baba -- Associated Press)

TOOLBOX

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JERUSALEM, Aug. 15 -- The deadly shootout in a Gaza Strip mosque Friday between members of the ruling Islamist Hamas movement and a militant splinter group may signal further challenges to Hamas's authority in Gaza as it tries to reconcile the demands of running a government with its policy of armed conflict with [Israel](#), according to Palestinian and Israeli analysts.

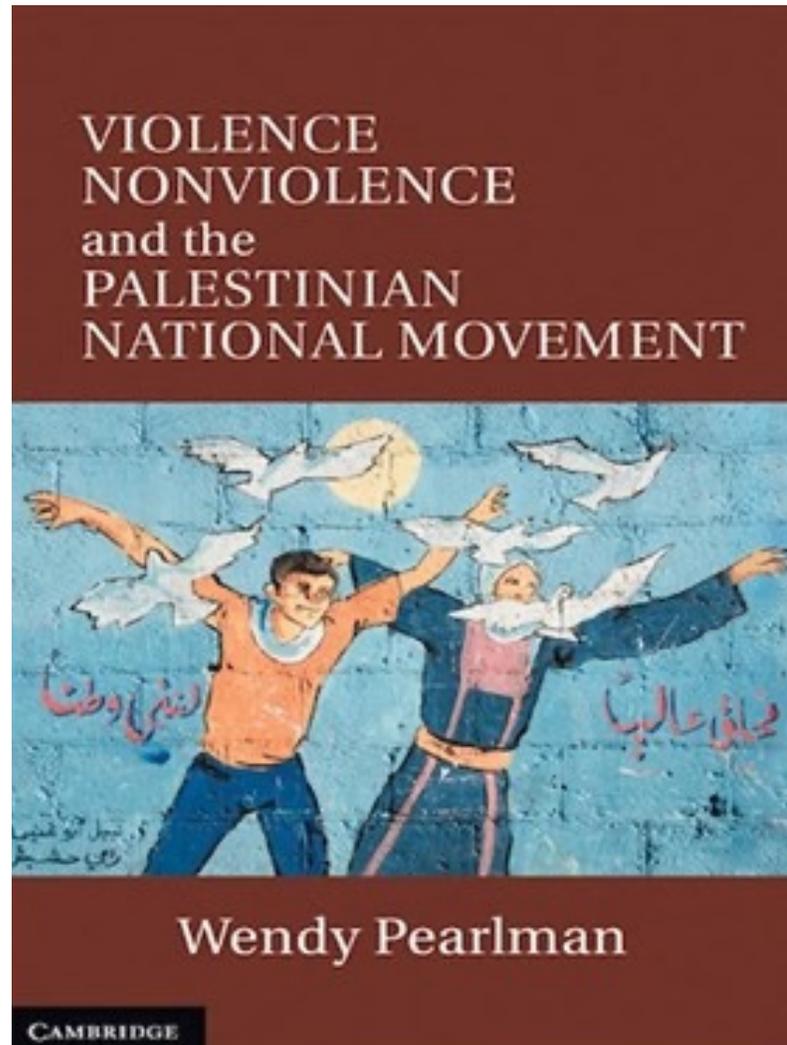
After two years as the sole authority in the Palestinian enclave, Hamas is not doing particularly well on either front -- with living standards in decline under an Israeli-imposed embargo and the conflict with Israel ratcheted down since a punishing three-week war that ended in January.

The battle at the mosque was waged against an organization, Jund Ansar Allah, that has carried out attacks against Israel but that had in recent months stepped up criticism of Hamas, saying it was not strict enough in its interpretation of Islam or aggressive enough in fighting Israel. The group, influenced by al-Qaeda, was blamed for recent attacks on Internet cafes, beauty salons and other targets in Gaza it considered an affront to its vision of Islam.

Hamas, a Sunni organization that began as an offshoot of [Egypt's](#) Muslim Brotherhood, is supported by Syria and by the Shiite government in [Iran](#), but its leaders say their aim is only to challenge Israel -- not participate in the type of broader war with the West that al-Qaeda advocates.

"The objective conditions in Gaza -- poverty, the siege, restriction of movement, lack of services -- are bound to create more and more destabilizing factors. It is fertile ground" for militants, said Ziad Abu Amr, a member of the Palestinian Legislative Council elected from Gaza as an independent. Although a successful challenge of Hamas is unlikely in the near term, he said, "Hamas cannot count on this forever. There can always be changes. We saw an example" Friday.

In non-cohesive groups (maybe especially non-state groups) subgroups may have private incentives to prevent a peace deal between the group's leader and the rival group



Spoiler Problems in Peace Processes

Stephen John Stedman

The wars of the 1990s confirm a basic finding from the study of civil war termination: “peacemaking is a risky business.”¹ The greatest source of risk comes from spoilers—leaders and parties who believe that peace emerging from negotiations threatens their power, worldview, and interests, and use violence to undermine attempts to achieve it.² By signing a peace agreement, leaders put themselves at risk from adversaries who may take advantage of a settlement, from disgruntled followers who see peace as a betrayal of key values, and from excluded parties who seek either to alter the process or to destroy it. By implementing a peace agreement, peacemakers are vulnerable to attack from those who oppose their efforts. And most important, the risks of peacemaking increase the insecurity and uncertainty of average citizens who have the most to lose if war is renewed.

When spoilers succeed, as they did in Angola in 1992 and Rwanda in 1994, the results are catastrophic. In both cases, the casualties of failed peace were infinitely higher than the casualties of war. When Jonas Savimbi refused to accept the outcome of UN-monitored elections in 1992 and plunged Angola back into civil war, approximately 300,000 people died. When Hutu extremists in Rwanda rejected the Arusha Peace Accords in 1994 and launched a campaign of genocide, over 1 million Rwandans died in less than three months.³

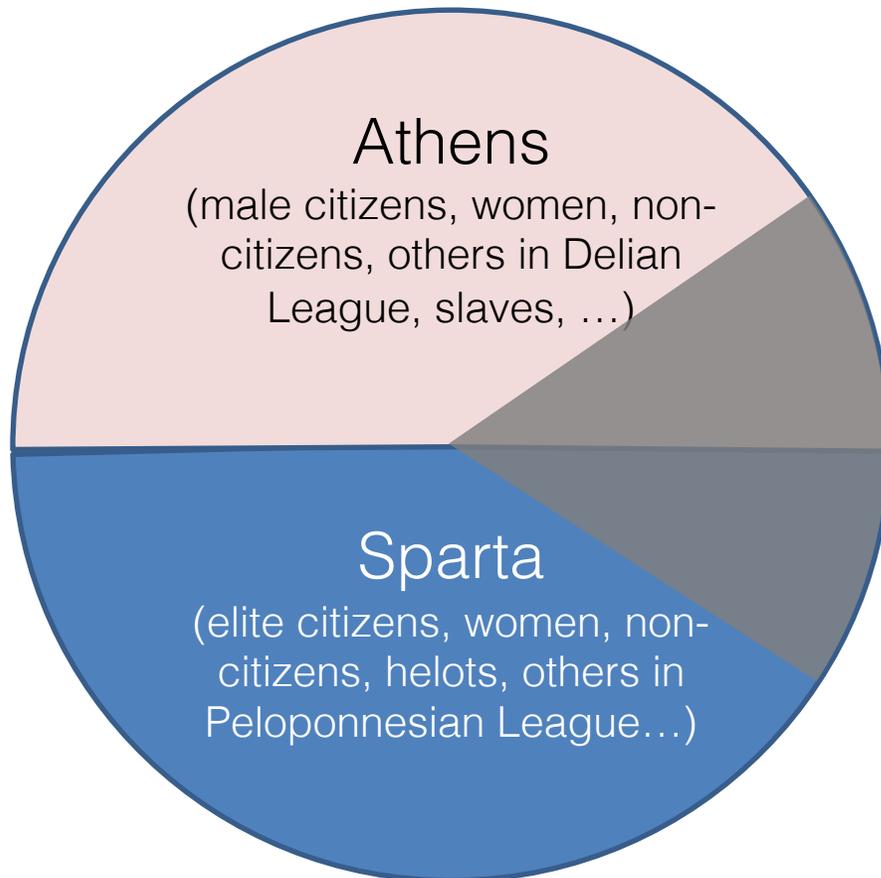
Stephen John Stedman is Senior Research Scholar at the Center for International Security and Arms Control at Stanford University.

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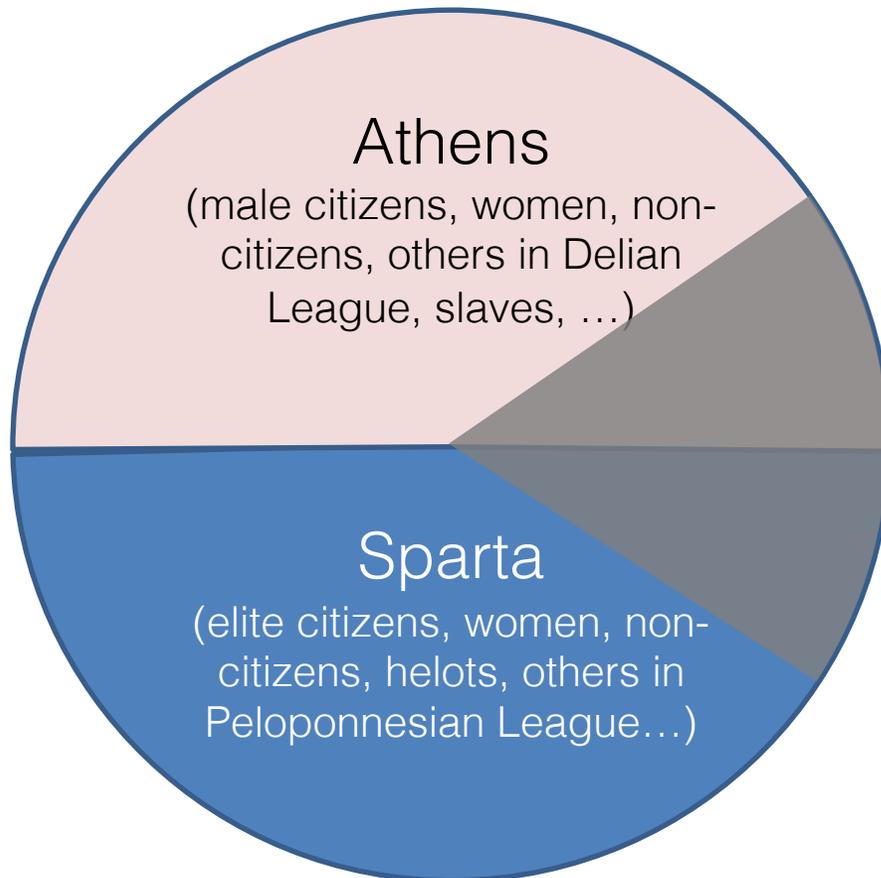
2. Related: Private incentives for war

(Jackson & Morelli 2007; Bueno de Mesquita & Lalman 1992)

What a unitary actor would consider when Athens & Sparta are evenly matched, with a \$20 cost of war



What a unitary actor would consider when Athens & Sparta are evenly matched, with a \$20 cost of war



But suppose a handful of elite Spartans receive $x=30%$ of their side's pie and care nothing for the rest of their group. Only this enters their decision.



What does the Spartan elite's decision look like?

(Assuming in war they win $x\%$ of pie and pay $x\%$ of costs)

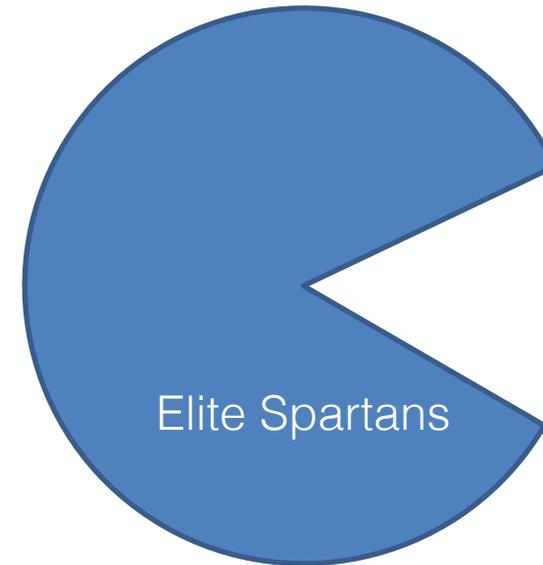
Choose peace



Athens and Sparta split the pie

Spartan elite's share worth about \$15
(30% of \$50)

Choose war



50% shot at half the pie, minus share of war cost

Spartan elite's share worth about \$9 (0.5 chance
at 30% of \$100, minus 30% of \$20)

What if war allows elite Spartans to claim a larger share x^* of pie?

e.g. They get a larger share of benefits than they pay in costs

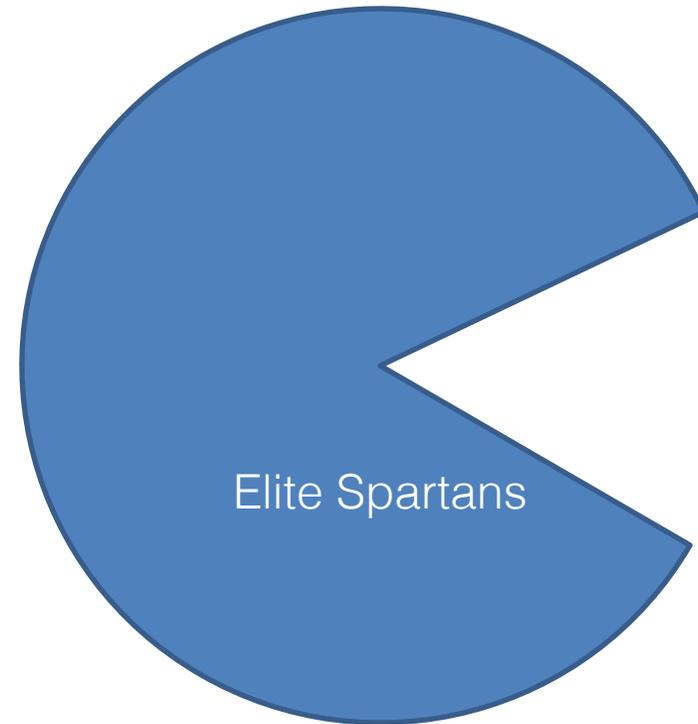
Choose peace



Athens and Sparta split the pie

Spartan elite's share worth about \$15
(30% of \$50)

Choose war



$x^* = 50\%$

Spartan elite's share worth about \$19
(0.5 chance of 50% of \$100 minus 30% of \$20)

Some sources of private incentives

- “Rally effects”
 - Unpopular leaders who, before a close election, try to rally nationalist support behind them by attacking an enemy
- “Military-industrial complex”
 - Incentives for profit and promotion
 - As he left office, US President (and former General) Eisenhower publicly worried that powerful business and military elites had incentives to lead the country to war, and society must guard against that
- War economies and lootable resources
 - e.g. Conflict minerals
 - When the prospects for peace suddenly blossomed in diamond-rich Angola, the stocks of diamond companies there fell substantially (Guidolin & La Ferrara 2007)

Our next four classes

1. Unchecked leaders
2. Uncertainty
3. Commitment problems
4. Intangible incentives
5. Misperceptions